

# Exhibit 21

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1 IN THE UNITED STATES DISTRICT COURT

2 NORTHERN DISTRICT OF CALIFORNIA

3 PHILIP WONG, FREDERICK CHAUSSY, )

4 and LESLIE MARIE SHEARN, )

5 individually, on behalf of all ) Case No. 07-2446

6 others similarly situated, and )

7 on behalf of the general public )

8 Plaintiffs, )

9 vs. )

10 HSBC MORTGAGE CORPORATION )

11 (USA), )

12 Defendants. )

13 The videographic deposition of DAVID

14 GATES, called for examination pursuant to the Rules

15 of Civil Procedure for the United States District

16 Courts pertaining to the taking of depositions,

17 taken before GINA M. LUORDO, a notary public within

18 and for the County of Cook and State of Illinois,

19 at 200 North LaSalle Street, Illinois, on the 11th

20 day of September, 2007, at the hour of 9:02 a.m.

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24 Reported by: Gina M. Luordo, CSR, RPR, CRR

25 License No.: 084-004143

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1 APPEARANCES:

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3 NICHOLS KASTER & ANDERSON, LLP,

4 BY: MR. BRYAN J. SCHWARTZ

5 One Embarcadero Center, Suite 720

6 San Francisco, California 94111

7 (415) 277-7235

8 Representing the Plaintiffs;

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10 LITTLER MENDELSON

11 BY: MS. MICHELLE R. BARRETT

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13 San Francisco, California 94108

14 (415) 433-1940

15 Representing the Defendants.

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00078

1 BY MR. SCHWARTZ:

2 Q. Has there been any new reclassification,  
3 to your knowledge, of loan officers in the last  
4 five years or so?

5 A. No.

6 Q. Has Jeanie Jennings been in that position  
7 for more than five years, to your knowledge?

8 A. No.

9 Q. I take it your answer to who classified  
10 loan officers as exempt is that you're not in a  
11 position to testify as to that. You don't know?

12 A. No, I do not. We would work with HR. All  
13 of our job descriptions, we would then go out and  
14 get them graded because HSBC has a grading system  
15 or a banding system, and then the exempt versus  
16 nonexempt. And they would also go out and  
17 competitively look at each job from a pay  
18 perspective to make sure that we're paying  
19 competitive wages within the marketplace.

20 So that would all be part of salary  
21 compensation. Grading would all be done in  
22 Jeanie's world. Whether Jeanie -- I think Jeanie  
23 uses part of HSBC Finance for that, but I don't  
24 know the specific inner workings because we would  
25 give that to Jeanie, and that entity would take it

00079

1 from there.

2 Q. Okay. The field administrators or sales

3 assistants, do you know who classified them as --

4 well, first of all, is it your understanding that

5 they're nonexempt and that they're entitled to be

6 paid overtime?

7 A. That is correct.

8 Q. And do you know who classified them as

9 nonexempt?

10 MS. BARRETT: Objection. Overbroad as to time

11 period and scope.

12 THE WITNESS: I think that would be the same

13 comment that I made for loan officers.

14 BY MR. SCHWARTZ:

15 Q. Okay. So the same answers and the

16 questions about classification of loan officers

17 would apply to sales assistants?

18 A. Correct.

19 Q. Are loans officers given expense accounts?

20 A. We reimburse them for business-related

21 expenses in which they incur in doing their job.

22 Q. But they don't have a separate line of

23 expense account, per se?

24 A. They don't have an expense account. We

25 reimburse them for milage, entertainment, anything

00102

1 other words, HSBC Home Mortgage or, I'm sorry, HSBC  
2 USA does not have to pay for the referrals that it  
3 receives from HSBC Bank, obviously. Is that the  
4 difference between referral and --

5 A. No. What I mean is that if you walk into  
6 a bank branch today, our bank branch personnel can  
7 give you general mortgage information, but they  
8 really don't sell mortgage applications. They  
9 would refer you over to a mortgage expert who would  
10 then either contact you on the phone, get in front  
11 of you and actually do the overall consultation and  
12 consulting and the selling. They don't -- our  
13 people in the branches don't put pen to paper and  
14 write applications or sell mortgages. They  
15 acknowledge that it's a product that the bank  
16 offers, but it's referred over to a mortgage, a  
17 loan officer.

18 Q. Yeah. A Mortgage Corp. loan officer would  
19 undertake the final sales on the mortgages that are  
20 generated through the banks. That's what you're  
21 talking about about branch-originated loans, right?

22 A. Yeah, but I don't use the word  
23 originations. I use source. We sourced it out of  
24 the branch.

25 Q. Okay. Branch-sourced loans?

00103

1 A. Yes. So in our business, originations  
2 means that they actually took the mortgage  
3 application, originated the loan, which they did  
4 not do.

5 Q. I see.

6 A. The customer came in, inquired about  
7 mortgage products, and then whether it was a branch  
8 platform teller, whether it was a financial  
9 advisor, whether it was a branch manager would say  
10 you need to go see our mortgage experts because  
11 it's a much more complicated product than opening  
12 up a savings or checking account.

13 Q. Okay.

14 A. And you can contact this person at XYZ. I  
15 can call and get them in touch with you.

16 Q. So that's 40 percent, branch-sourced  
17 loans?

18 A. That is correct, approximately.

19 Q. And then what percent come from the HSBC  
20 Bank website approximately, web referrals?

21 A. Tiny.

22 Q. Very small?

23 A. Tiny. Our web presence is not very good.  
24 It's not a product that sold very well over the  
25 internet. Mortgages are a much more complex